

**GREATER NEW ORLEANS YOUTH ORCHESTRA
AND RELATED ORGANIZATION**

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 and 2012



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Independent Auditor's Report

**To the Board of Directors
Greater New Orleans Youth Orchestra
New Orleans, Louisiana**

We have audited the accompanying consolidated financial statements of Greater New Orleans Youth Orchestra and Related Organization which comprise the consolidated statements of financial position as of June 30, 2013 and 2012, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Greater New Orleans Youth Orchestra and Related Organization as of June 30, 2013 and 2012, and its changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2013, on our consideration of the Greater New Orleans Youth Orchestra's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe that scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Greater New Orleans Youth Orchestra's internal control over financial reporting and compliance.

Cam, Rapp & Ingram, L.L.C.

Metairie, Louisiana
December 13, 2013

**Greater New Orleans Youth Orchestra
and Related Organization
Consolidated Statements of Financial Position
June 30, 2013 and 2012**

ASSETS		<u>2013</u>	<u>2012</u>
Current assets:			
Cash		\$ 70,350	\$ 101,085
Accounts receivable (net of allowance of \$1,420 in 2013 and 2012)		7,769	7,029
Prepaid expenses		<u>1,300</u>	<u>1,300</u>
Total current assets		<u>79,419</u>	<u>109,414</u>
Property and equipment, net		1,915	8,827
Endowment Fund - restricted		<u>92,422</u>	<u>87,435</u>
Total assets		<u>\$ 173,756</u>	<u>\$ 205,676</u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable and accrued expenses		\$ 3,285	\$ 5,586
Deferred revenue - tuition		<u>4,155</u>	<u>-</u>
Total current liabilities		<u>7,440</u>	<u>5,586</u>
Net assets:			
Unrestricted		61,078	117,891
Temporarily restricted		53,847	30,808
Permanently restricted		<u>51,391</u>	<u>51,391</u>
Total net assets		<u>166,316</u>	<u>200,090</u>
Total liabilities and net assets		<u>\$ 173,756</u>	<u>\$ 205,676</u>

The accompanying notes are an integral part of the consolidated financial statements.

**Greater New Orleans Youth Orchestra
and Related Organization
Consolidated Statements of Activities
Years Ended June 30, 2013 and 2012**

<u>2013</u>				
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenues:				
Contributions	\$ 65,979	\$ 60,500	\$ -	\$ 126,479
Earned revenue	116,766	-	-	116,766
Haitian Youth Relief Music Project	-	100	-	100
Other income	20,470	-	-	20,470
Investment return from Endowment Fund	-	8,101	-	8,101
Net assets released from restrictions	<u>45,662</u>	<u>(45,662)</u>	<u>-</u>	<u>-</u>
Total support and revenues	248,877	23,039	-	271,916
Expenses -				
Orchestra programs	<u>305,690</u>	<u>-</u>	<u>-</u>	<u>305,690</u>
Change in net assets:	(56,813)	23,039	-	(33,774)
Net assets, beginning of period	<u>117,891</u>	<u>30,808</u>	<u>51,391</u>	<u>200,090</u>
Net assets, end of period	<u>\$ 61,078</u>	<u>\$ 53,847</u>	<u>\$ 51,391</u>	<u>\$ 166,316</u>

<u>2012</u>				
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenues:				
Contributions	\$ 168,098	\$ 40,303	\$ -	\$ 208,401
Earned revenue	112,814	-	-	112,814
Haitian Youth Relief Music Project	-	2,095	-	2,095
Other income	1,809	-	-	1,809
Investment return from Endowment Fund	-	2,087	-	2,087
Net assets released from restrictions	<u>53,436</u>	<u>(53,436)</u>	<u>-</u>	<u>-</u>
Total support and revenues	336,157	(8,951)	-	327,206
Expenses:				
Orchestra programs	322,181	-	-	322,181
Haitian Youth Relief Music Project	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>3,000</u>
Total expenses	325,181	-	-	325,181
Change in net assets:	10,976	(8,951)	-	2,025
Net assets, beginning of period	<u>106,915</u>	<u>39,759</u>	<u>51,391</u>	<u>198,065</u>
Net assets, end of period	<u>\$ 117,891</u>	<u>\$ 30,808</u>	<u>\$ 51,391</u>	<u>\$ 200,090</u>

The accompanying notes are an integral part of the consolidated financial statements.

**Greater New Orleans Youth Orchestra
and Related Organization
Consolidated Statements of Cash Flows
Years Ended June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ (33,774)	\$ 2,025
Adjustments to reconcile the change in net assets to net cash (used in) provided by operating activities:		
Depreciation	6,912	6,913
Net unrealized gain on Endowment Fund	(4,836)	(533)
(Increase) in accounts receivable	(740)	(1,843)
Decrease in prepaid expense	-	400
(Decrease) in accounts payable and accrued expenses	(2,301)	(2,490)
Increase in deferred revenue	<u>4,155</u>	<u>-</u>
Net cash (used in) provided by operating activities	<u>(30,584)</u>	<u>4,472</u>
Cash flows from investing activities:		
Distribution from Endowment Fund	3,114	2,926
Realized net gains reinvested in Endowment Fund	<u>(3,265)</u>	<u>(1,554)</u>
Net cash (used in) provided by investing activities	<u>(151)</u>	<u>1,372</u>
Net (decrease) increase in cash and cash equivalents	(30,735)	5,844
Cash and cash equivalents at beginning of year	<u>101,085</u>	<u>95,241</u>
Cash and cash equivalents at end of year	<u>\$ 70,350</u>	<u>\$ 101,085</u>

The accompanying notes are an integral part of the consolidated financial statements.

**Greater New Orleans Youth Orchestra
and Related Organization
Notes to Consolidated Financial Statements
Years Ended June 30, 2013 and 2012**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS

Organization - Greater New Orleans Youth Orchestra (Youth Orchestra) is a non-profit entity formed in February 1996 to provide the youth of the metropolitan New Orleans area an opportunity to participate in a high-quality full-orchestra program. Northshore Friends of GNOYO (Friends) is a non-profit entity formed in January 2004 to provide financial and other support for the Northshore (metropolitan area north of New Orleans) programs of the Youth Orchestra. The organizations are related through certain board members and officers in common. Contributions represent a significant source of support and revenue.

Basis of presentation - The consolidated financial statements include the accounts of the Youth Orchestra and Friends (collectively Youth Orchestra). All significant intercompany transactions have been eliminated in consolidation.

The Youth Orchestra's financial statements are presented using the accrual method of accounting. Under this method, revenues are recognized in the period earned, and expenses are recognized in the period in which the benefit is realized. Revenues from ticket sales are recognized when the performances are given. Revenues from tuition are recognized when the instruction is provided.

The Youth Orchestra reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Tax status - The Youth Orchestra is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Unrelated business taxable income (UBTI) is derived from any activity that constitutes a trade or business that is regularly carried on and is not substantially related to the organization's tax-exempt purposes. During 2013 and 2012, the Youth Orchestra did not earn significant income which was classified as UBTI.

In 2010, the Internal Revenue Service (IRS) examined the Youth Orchestra's tax filings. They issued a no change opinion which closed all previous tax years. The Youth Orchestra's tax filings for the year ended June 30, 2011 forward are currently open for audit under statutes of limitations by the IRS. Management believes that all tax positions would be sustained if audited. If applicable, any interest and penalties would be classified in the statement of activities as administrative expenses under Orchestra programs.

Donated services, facility usage and materials - Donated services, facility usage and materials, if significant in amount, are recorded as contributions at their estimated fair market value provided the donor has a clearly measurable and objective basis for determining their value. No value is assigned to other donated items if there is no ascertainable basis for assigning the value. The Youth Orchestra recorded an amount for donated services and facility usage, both revenues and expenses, of \$26,060 and \$42,228 for the years ended June 30, 2013 and 2012.

**Greater New Orleans Youth Orchestra
and Related Organization
Notes to Consolidated Financial Statements
(Continued)**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS - continued

Property and equipment - Property and equipment consist of donated and purchased musical instruments. Donated instruments are stated at the estimated fair market value at the donation date net of accumulated depreciation. Purchased instruments are stated at cost net of accumulated depreciation. Depreciation is provided by the straight-line method over the estimated useful lives of the assets, which is seven years. The Youth Orchestra's practice is to capitalize significant acquisitions which benefit future periods.

Advertising costs - Advertising costs are expensed in the year incurred. Advertising expenses were \$1,154 and \$931 in 2013 and 2012.

Cash and cash equivalents - The Youth Orchestra considers all money market investment instruments and certificates of deposits with an original maturity of three months or less to be cash equivalents.

Accounts receivable - Accounts receivable are stated at cost less an allowance for doubtful accounts. The Youth Orchestra does not recognize interest income on these accounts. Management's evaluation of the adequacy of the allowance is based on periodic review of all accounts and includes a consideration of the account's past history, any adverse situations that might affect the account's ability to repay, and current economic conditions. Past due status is based on how recently payments have been received. Management and the Youth Orchestra's Treasurer approve charge-offs. Amounts past due over ninety days amounted to \$3,205 and \$-0- at June 30, 2013 and 2012.

Pledges receivable - Periodically, the Youth Orchestra has a drive to raise money to cover special events as well as general expenses. Pledges are solicited and once a positive response is received, the pledge amount is recorded. Management and the Treasurer review the pledge commitments and assess the collectability based on payment history and economic factors prior to any write-offs.

Unconditional promises to give are recognized as revenues in the period the pledge is received. The pledges are recorded at fair value based on the net present value of estimated future cash flows using an appropriate discount rate. Conditional promises to give are recognized as revenues only when the conditions attached to the pledge are substantially met.

Investments - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets. Fair value for the Greater New Orleans Youth Orchestra Endowment Fund is provided by The Greater New Orleans Foundation (Foundation).

Endowment Fund - Generally accepted accounting principles provides guidance on the net asset classification of donor-restricted endowment funds for a non-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). It also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds). The State of Louisiana enacted UPMIFA during 2010 (see note E).

**Greater New Orleans Youth Orchestra
and Related Organization
Notes to Consolidated Financial Statements
(Continued)**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS - continued

Net assets - Under generally accepted accounting principles, the Youth Orchestra is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Accordingly, the net assets of the Youth Orchestra are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions and are available for support of the Youth Orchestra's current operations.

Temporarily restricted net assets - Net assets subject to donor-imposed restrictions that may or will be met, either by action of the Youth Orchestra and/or passage of time. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a donor restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor imposed restrictions.

Fee waivers - The Youth Orchestra maintains a policy of not turning away interested youths based on financial need. Accordingly, the Youth Orchestra provides scholarships in the form of fee waivers or partial fee waivers. Fee waivers of \$16,710 and \$12,615 were recorded during the years ended June 30, 2013 and 2012.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets during the reporting period. Actual results could differ from those estimates.

B. PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows:

	<u>2013</u>	<u>2012</u>
Musical instruments	\$ 43,894	\$ 43,894
Computer equipment	4,704	4,704
Less: accumulated depreciation	<u>(46,683)</u>	<u>(39,771)</u>
	<u>\$ 1,915</u>	<u>\$ 8,827</u>

**Greater New Orleans Youth Orchestra
and Related Organization
Notes to Consolidated Financial Statements
(Continued)**

C. LEASE COMMITMENT

Until December 2011, the Youth Orchestra's office space had been primarily donated. See Note A. In January 2012, the Youth Orchestra signed a one year lease for office space at \$1,300 per month (\$1,800 less \$500 donated) and continues to operate on a month-to-month basis under this lease since January 2013. Rent expense for 2013 and 2012 was \$41,660 (\$26,060 of which was donated) and \$37,895 (\$28,628 of which was donated).

D. FUNCTIONAL EXPENSES

The Youth Orchestra's orchestra programs are summarized below by functional category for the years ended June 30:

	<u>2013</u>	<u>2012</u>
Salaries and wages (including professional services)	\$ 195,053	\$ 206,599
Production	58,620	65,279
Administration	<u>52,017</u>	<u>50,303</u>
	<u>\$ 305,690</u>	<u>\$ 322,181</u>

E. ENDOWMENT FUND

The Endowment Fund is a permanently restricted endowment fund established by various supporters of the Youth Orchestra who raised funds to receive additional grant funds through a fundraising challenge. As part of the challenge agreement, the Endowment Fund has been invested with the Foundation, which has been authorized to accept additional contributions and invest the funds according to the Foundation's investment policy. Net assets associated with endowment funds are classified and reported based on existence or absence of donor imposed restrictions. The Foundation, through its Board of Trustees, has the right to make distributions from the Endowment Fund to accomplish the philanthropic intent of the donors. The donors have designated the Youth Orchestra as the beneficiary of all grants from the Endowment Fund. Distributions of \$3,114 and \$2,926 were made in 2013 and 2012.

The Youth Orchestra's Board has interpreted UPMIFA as not expressly requiring the preservation of purchasing power (real value) for donor-restricted endowment funds absent explicit donor stipulations to the contrary. However, historic dollar value is considered not expendable.

The Foundation follows a total return spending policy for its endowment funds. Endowment funds are invested for maximum total return (within acceptable risk parameters), without distinction between income and capital gains. The market value of the fund is measured over the past twelve quarters, and a percentage of the average of those values is made available for grants. This method puts the focus on the long-term growth of the fund. This, in turn, encourages the appropriate use of equities in the fund, helping the fund to grow at a rate greater than inflation. The annual percentage for 2013 and 2012 distributions is 4%. This percentage is evaluated each year and adjusted as necessary.

The primary financial objective for the Foundation is to increase the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, inflation, and costs of investment management. Endowment assets are invested in a well diversified asset mix, which includes equity securities, fixed income securities, and alternative investments that is intended to meet the objective. The Foundation has established a 5% real rate of return objective for the portfolio. Actual returns in any given year may vary from this amount. Investment assets and allocation between asset classes and strategies are managed to not expose the endowment assets to unacceptable levels of risk.

**Greater New Orleans Youth Orchestra
and Related Organization
Notes to Consolidated Financial Statements
(Continued)**

E. ENDOWMENT FUND - continued

Composition of and changes in endowment net assets for the year ended June 30, 2013, were as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor designated endowment net assets, beginning of year	\$ 10,000	\$ 26,044	\$ 51,391	\$ 87,435
Investment returns	-	3,723	-	3,723
Fees	-	(458)	-	(458)
Appropriated for expenditure	-	(3,114)	-	(3,114)
Net appreciation in endowment	-	4,836	-	4,836
Donor designated endowment net assets, end of year	<u>\$ 10,000</u>	<u>\$ 31,031</u>	<u>\$ 51,391</u>	<u>\$ 92,422</u>

Composition of and changes in endowment net assets for the year ended June 30, 2012, were as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor designated endowment net assets, beginning of year	\$ 10,000	\$ 26,883	\$ 51,391	\$ 88,274
Investment returns	-	1,990	-	1,990
Fees	-	(436)	-	(436)
Appropriated for expenditure	-	(2,926)	-	(2,926)
Net appreciation in endowment	-	533	-	533
Donor designated endowment net assets, end of year	<u>\$ 10,000</u>	<u>\$ 26,044</u>	<u>\$ 51,391</u>	<u>\$ 87,435</u>

F. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at June 30 are summarized as follows:

	<u>2013</u>	<u>2012</u>
Investment return from the Endowment Fund investment held at The Greater New Orleans Foundation	\$ 31,031	\$ 26,044
Endangered Instrument Program, Young Artists Academy, scholarships	17,952	-
Haitian Youth Relief Music Project	<u>4,864</u>	<u>4,764</u>
	<u>\$ 53,847</u>	<u>\$ 30,808</u>

**Greater New Orleans Youth Orchestra
and Related Organization
Notes to Consolidated Financial Statements
(Continued)**

G. EMPLOYEE BENEFIT PLAN

In 2004, a Simple IRA plan was adopted. Employees who have received \$5,000 compensation in both the prior and current year are eligible to participate. Under the plan the Youth Orchestra is required to make either a matching contribution equal to the amount of the employee's elective deferral not to exceed three percent but not less than one percent of the contributing employee's compensation or the Youth Orchestra may make a non-elective contribution to the plan of two percent of compensation of each eligible participant. The Youth Orchestra contributed \$480 and \$459 to the plan for the years ended June 30, 2013 and 2012.

H. ECONOMIC ENVIRONMENT

Participation fees and contributions are dependent upon maintaining sufficient participation and donor interest. Student participation in the Youth Orchestra is voluntary and consists primarily of individuals in the metropolitan New Orleans area. The effect on participation levels and contributions due to current economic conditions is continually assessed by management.

I. CONCENTRATION OF CREDIT RISK

Investments held within the Endowment Fund represent a significant portion of total assets. Such investments are subject to interest rate and other risks including the possible loss of principal as reflected in the statement of financial position. Future changes in the financial markets could affect the future earnings from these investments. There is no collateral for these investments.

The Youth Orchestra maintained cash accounts at local banks in 2013 and 2012. In 2013 and 2012, the Youth Orchestra's deposited funds were within the federal insurance limits.

**Greater New Orleans Youth Orchestra
and Related Organization
Notes to Consolidated Financial Statements
(Continued)**

J. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board *Accounting Standards Codification* (ASC 820), *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Investments and unconditional promises to give are recorded at fair value on a recurring basis. For assets that are measured at fair value in periods after initial recognition, there were no transfers between Level 1 and Level 2, or transfers into and out of Level 3 in 2013 or 2012. If such transfers were to occur, they would be recognized as of the actual date of the event. Nonrecurring fair value adjustments, if any, would typically involve impairment accounting or donated property and equipment. There were no nonrecurring fair value adjustments in 2013 or 2012. The three levels of the fair value hierarchy are described below:

Level 1 - Observable inputs such as quoted prices in active markets.

Level 2 - Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly.

Level 3 - Unobservable inputs for which there is little or no market data and require the Youth Orchestra to develop its own assumptions.

The investments are valued at fair value. The valuation methodologies used for assets measured at fair value are as follows. The Youth Orchestra has no Level 1 assets. Level 2 assets consist of the Endowment Fund investment. Fair value is provided by the Foundation and is based on the market value of the underlying investments using a market approach. Level 3 assets would consist of any unconditional promise to give which are recorded at fair value based on the net present value of estimated future cash flows using an appropriate discount rate. There have been no changes in these methodologies used at June 30, 2013 and 2012.

The preceding methods described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the Youth Orchestra believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**Greater New Orleans Youth Orchestra
and Related Organization
Notes to Consolidated Financial Statements
(Continued)**

J. FAIR VALUE MEASUREMENTS - continued

	Fair value at			
	June 30, 2013	Level 1	Level 2	Level 3
Valued on a recurring basis:				
Endowment Fund	\$ 92,422	\$ -	\$ 92,422	\$ -
	<u>\$ 92,422</u>	<u>\$ -</u>	<u>\$ 92,422</u>	<u>\$ -</u>

	Fair value at			
	June 30, 2012	Level 1	Level 2	Level 3
Valued on a recurring basis:				
Endowment Fund	\$ 87,435	\$ -	\$ 87,435	\$ -
	<u>\$ 87,435</u>	<u>\$ -</u>	<u>\$ 87,435</u>	<u>\$ -</u>

K. SUBSEQUENT EVENTS

In preparing the financial statements, the Youth Orchestra has evaluated events and transactions for potential recognition or disclosure through December 13, 2013, the date the financial statements were available to be issued.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

**To the Board of Directors
Greater New Orleans Youth Orchestra
New Orleans, Louisiana**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Greater New Orleans Youth Orchestra and Related Organization (the Youth Orchestra) which comprise the consolidated statement of financial position as of June 30, 2013, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 13, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Youth Orchestra's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Youth Orchestra's internal control. Accordingly, we do not express an opinion on the effectiveness of the Youth Orchestra's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Youth Orchestra's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Youth Orchestra's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Youth Orchestra's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Can, Regge & Ingram, L.L.C.

Metairie, Louisiana
December 13, 2013

**Greater New Orleans Youth Orchestra
and Related Organization
Schedule of Findings
Year Ended June 30, 2013**

Section I - Summary of Auditor's Reports

Financial statements

1. Type of auditor's report	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified	None
b. Significant deficiencies identified	None
c. Noncompliance material to the consolidated financial statements noted	None
3. Management letter	None

Federal awards

None

Section II - Financial Statement Findings

No financial statement findings were noted during the audit of financial statements for the year ended June 30, 2013.

Section III - Federal Award Findings and Questioned Costs

Not applicable